

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2173 - Sales Tax Exemption for Canine Breeders (LSB 5899 XS)
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Fiscal Note Version - New

Description

Senate File 2173 exempts from taxation the sales of certain items used in the breeding and production of canines by a commercial breeder of canines that is licensed by Iowa or licensed by the federal government and registered in Iowa.

The items exempted are breeding canine stock; food and medication; fuel used to heat or cool buildings used to house canines; bedding materials; and gas, electricity, water, or heat used in implements engaged in the breeding and production of canines.

The Bill is effective July 1, 2006.

Assumptions

1. There are 740 commercial canine breeders in Iowa.
2. Each canine breeder has an average of 12 fertile female dogs.
3. The annual estimated cost of breeding and care of a fertile canine is \$1,317; these estimated costs only include items subject to Iowa's sales and use tax.
4. The State sales tax rate is 5.0% and the average local option sales tax rate is 1.2%.

Fiscal Impact

The Bill will reduce net General Fund sales tax revenue by an estimated \$585,000 and local option sales tax revenue by an estimated \$14,000 per year, beginning FY 2007.

Sources

Department of Revenue
Department of Agriculture and Land Stewardship
Doberman Pinchers Club of America

/s/ Holly M. Lyons

March 1, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
